

Form 1040

Department of the Treasury — Internal Revenue Service

U.S. Individual Income Tax Return 2006

(99) IRS Use Only — Do not write or staple in this space.

Label
(See instructions.)Use the
IRS label.
Otherwise,
please print
or type.Presidential
Election
Campaign

For the year Jan 1 - Dec 31, 2006, or other tax year beginning , 2006, ending , 20		OMB No. 1545-0074
Your first name MI Last name J. CRAIG JAMES		Your social security number
If a joint return, spouse's first name MI Last name MARILYN JAMES		Spouse's social security number
Home address (number and street). If you have a P.O. box, see instructions. Apartment no.		You must enter your social security number(s) above. ▲
City, town or post office. If you have a foreign address, see instructions. State ZIP code		
Check here if you, or your spouse if filing jointly, want \$3 to go to this fund? (see instructions).		<input type="checkbox"/> You <input type="checkbox"/> Spouse

Filing Status

Check only
one box.

- 1 ☐ Single
- 2 ☒ Married filing jointly (even if only one had income)
- 3 ☐ Married filing separately. Enter spouse's SSN above & full name here. ▶
- 4 ☐ Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
- 5 ☐ Qualifying widow(er) with dependent child (see instructions)

Exemptions

If more than
four dependents,
see instructions.

6a <input checked="" type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a.				Boxes checked on 6a and 6b	2
b <input checked="" type="checkbox"/> Spouse.				No. of children on 6c who:	
c Dependents:				• lived with you	3
(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	• did not live with you due to divorce or separation (see instrs)	
CAYLIN A. JAMES			DAUGHTER		
ADAM JAMES			SON		
J. ANDREW JAMES			SON	<input checked="" type="checkbox"/>	
d Total number of exemptions claimed.				Add numbers on lines above	5

Income

Attach Form(s)
W-2 here. Also
attach Forms
W-2G and 1099-R
if tax was withheld.If you did not
get a W-2,
see instructions.Enclose, but do
not attach, any
payment. Also,
please use
Form 1040-V.

7 Wages, salaries, tips, etc. Attach Form(s) W-2	7	284,315.
8a Taxable interest. Attach Schedule B if required.	8a	58,471.
b Tax-exempt interest. Do not include on line 8a. STMT. 2	8b	22.
9a Ordinary dividends. Attach Schedule B if required.	9a	51,557.
b Qualified dividends (see instrs).	9b	129.
10 Taxable refunds, credits, or offsets of state and local income taxes (see instructions).	10	
11 Alimony received.	11	
12 Business income or (loss). Attach Schedule C or C-EZ.	12	170,000.
13 Capital gain or (loss). Att Sch D if reqd. If not reqd, ck here. ▶ <input type="checkbox"/>	13	3,337,349.
14 Other gains or (losses). Attach Form 4797.	14	
15a IRA distributions.	15a	
b Taxable amount (see instrs)	15b	
16a Pensions and annuities.	16a	
b Taxable amount (see instrs)	16b	
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E.	17	325,744.
18 Farm income or (loss). Attach Schedule F.	18	-16,759.
19 Unemployment compensation	19	
20a Social security benefits.	20a	
b Taxable amount (see instrs)	20b	
21 Other income	21	
22 Add the amounts in the far right column for lines 7 through 21. This is your total income.	22	4,210,677.

Adjusted
Gross
Income

23 Archer MSA deduction. Attach Form 8853.	23	
24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ.	24	
25 Health savings account deduction. Attach Form 8889.	25	
26 Moving expenses. Attach Form 3903.	26	
27 One-half of self-employment tax. Attach Schedule SE.	27	2,052.
28 Self-employed SEP, SIMPLE, and qualified plans.	28	
29 Self-employed health insurance deduction (see instructions).	29	
30 Penalty on early withdrawal of savings.	30	
31a Alimony paid b Recipient's SSN. ▶	31a	
32 IRA deduction (see instructions).	32	
33 Student loan interest deduction (see instructions).	33	
34 Jury duty pay you gave to your employer.	34	
35 Domestic production activities deduction. Attach Form 8903.	35	
36 Add lines 23 - 31a and 32 - 35.	36	2,052.
37 Subtract line 36 from line 22. This is your adjusted gross income.	37	4,208,625.

Tax and Credits**Standard Deduction for**

• People who checked any box on line 39a or 39b or who can be claimed as a dependent, see instructions.

• All others:

Single or Married filing separately, \$5,150

Married filing jointly or Qualifying widow(er), \$10,300

Head of household, \$7,550

38	Amount from line 37 (adjusted gross income)	38	4,208,625.
39a	Check if: <input type="checkbox"/> You were born before January 2, 1942, <input type="checkbox"/> Blind. Total boxes checked <input type="checkbox"/> 39a		
	<input type="checkbox"/> Spouse was born before January 2, 1942, <input type="checkbox"/> Blind. checked <input type="checkbox"/> 39b		
b	If your spouse itemizes on a separate return, or you were a dual-status alien, see instrs and ck here		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	665,537.
41	Subtract line 40 from line 38	41	3,543,088.
42	If line 38 is over \$112,875, or you provided housing to a person displaced by Hurricane Katrina, see instructions. Otherwise, multiply \$3,300 by the total number of exemptions claimed on line 6d	42	5,500.
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	3,537,588.
44	Tax (see instrs). Check if any tax is from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972	44	643,741.
45	Alternative minimum tax (see instructions). Attach Form 6251	45	0.
46	Add lines 44 and 45	46	643,741.
47	Foreign tax credit. Attach Form 1116 if required	47	
48	Credit for child and dependent care expenses. Attach Form 2441	48	
49	Credit for the elderly or the disabled. Attach Schedule R	49	
50	Education credits. Attach Form 8863	50	
51	Retirement savings contributions credit. Attach Form 8880	51	
52	Residential energy credits. Attach Form 5695	52	
53	Child tax credit (see instructions). Attach Form 8901 if required	53	
54	Credits from: a <input type="checkbox"/> Form 8396 b <input type="checkbox"/> Form 8839 c <input type="checkbox"/> Form 8859	54	
55	Other credits. Check applicable box(es): a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8801 c <input type="checkbox"/> Form	55	
56	Add lines 47 through 55. These are your total credits	56	
57	Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-	57	643,741.
58	Self-employment tax. Attach Schedule SE	58	4,104.
59	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	59	
60	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	60	
61	Advance earned income credit payments from Form(s) W-2, box 9	61	
62	Household employment taxes. Attach Schedule H	62	
63	Add lines 57-62. This is your total tax	63	647,845.
64	Federal income tax withheld from Forms W-2 and 1099	64	63,714.
65	2006 estimated tax payments and amount applied from 2005 return	65	
66a	Earned income credit (EIC)	66a	
b	Nontaxable combat pay election	66b	
67	Excess social security and tier 1 RRTA tax withheld (see instructions)	67	
68	Additional child tax credit. Attach Form 8812	68	
69	Amount paid with request for extension to file (see instructions)	69	550,000.
70	Payments from: a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136 c <input type="checkbox"/> Form 8885	70	
71	Credit for federal telephone excise tax paid. Attach Form 8913 if required	71	60.
72	Add lines 64, 65, 66a, and 67 through 71. These are your total payments	72	613,774.
73	If line 72 is more than line 63, subtract line 63 from line 72. This is the amount you overpaid	73	
74a	Amount of line 73 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/> 74a		
b	Routing number	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
d	Account number		
75	Amount of line 73 you want applied to your 2007 estimated tax	75	
76	Amount you owe. Subtract line 72 from line 63. For details on how to pay, see instructions	76	38,815.
77	Estimated tax penalty (see instructions)	77	4,744.

Payments

If you have a qualifying child, attach Schedule EIC.

Refund

Direct deposit? See instructions and fill in 74b, 74c, and 74d or Form 8888.

Amount You Owe**Third Party Designee**

Do you want to allow another person to discuss this return with the IRS (see instructions)? ☒ Yes. Complete the following. ☐ No

Sign Here

Joint return? See instructions. Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	Daytime phone number
SPORTS ANALYST			
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	
HOMEMAKER			

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
Firm's name (or yours if self-employed)	WAGNER, EUBANK & NICHOLS, LLP		EIN
address, and ZIP code	5950 BERKSHIRE, #300 DALLAS, TX 75225		Phone no. (214) 692-6800

Form **2210**Department of the Treasury
Internal Revenue Service**Underpayment of
Estimated Tax by Individuals, Estates, and Trusts**▶ See separate instructions.
▶ Attach to Form 1040, 1040A, 1040NR, 1040NR-EZ, or 1041.

OMB No. 1545-0140

2006Attachment
Sequence No. **06**

Name(s) shown on tax return

J. CRAIG AND MARILYN JAMES

Identifying number

Do You Have To File Form 2210?

Complete lines 1 through 7 below. Is line 7 less than \$1,000?

Yes

Do not file Form 2210. You do not owe a penalty.

No

Complete lines 8 and 9 below. Is line 6 equal to or more than line 9?

Yes

You do not owe a penalty. **Do not file Form 2210**
(but if box **E** below applies, you must file page 1 of
Form 2210).

No

You may owe a penalty. Does any box in Part II below apply?

Yes

You **must** file Form 2210. Does box **B**, **C**, or **D** apply?

No

No

Yes

You must figure your penalty.

Do not file Form 2210. You are not required to figure your penalty
because the IRS will figure it and send you a bill for any unpaid
amount. If you want to figure it, you may use Part III or Part IV as a
worksheet and enter your penalty amount on your tax return, but **do**
not file Form 2210.You are **not** required to figure your penalty because the
IRS will figure it and send you a bill for any unpaid
amount. If you want to figure it, you may use Part III or
Part IV as a worksheet and enter your penalty amount
on your tax return, but **file only page 1 of Form 2210.****Part I Required Annual Payment** (see instructions)

1	Enter your 2006 tax after credits from Form 1040, line 57 (or comparable line of your return)	1	643,741.
2	Other taxes, including self-employment tax (see instructions)	2	4,104.
3	Refundable credits. Enter the total of your earned income credit, additional child tax credit, credit for federal tax paid on fuels, and health coverage tax credit	3	0.
4	Current year tax. Combine lines 1, 2, and 3. If less than \$1,000, see instructions	4	647,845.
5	Multiply line 4 by 90% (.90)	5	583,061.
6	Withholding taxes. Do not include estimated tax payments. See instructions	6	63,714.
7	Subtract line 6 from line 4. If less than \$1,000, you do not owe a penalty; do not file Form 2210.	7	584,131.
8	Maximum required annual payment based on prior year's tax (see instructions)	8	182,974.
9	Required annual payment. Enter the smaller of line 5 or line 8	9	182,974.

Next: Is line 9 more than line 6?

☐**No.** You **do not** owe a penalty. **Do not file Form 2210** unless box **E** below applies.☒**Yes.** You may owe a penalty, but **do not file Form 2210** unless one or more boxes in Part II below applies.• If box **B**, **C**, or **D** applies, you must figure your penalty and file Form 2210.• If only box **A** or **E** (or both) applies, file only page 1 of Form 2210. You are **not** required to figure your penalty; the IRS will figure it and send you a bill for any unpaid amount. If you want to figure your penalty, you may use Part III or IV as a worksheet and enter your penalty on your tax return, but **file only page 1 of Form 2210.****Part II Reasons for Filing.** Check applicable boxes. If none apply, **do not file Form 2210.**

- A** ☐ You request a **waiver** (see instructions) of your entire penalty. You must check this box and file page 1 of Form 2210, but you are not required to figure your penalty.
- B** ☐ You request a **waiver** (see instructions) of part of your penalty. You must figure your penalty and waiver amount and file Form 2210.
- C** ☒ Your income varied during the year and your penalty is reduced or eliminated when figured using the **annualized income installment method**. You must figure the penalty using Schedule AI and file Form 2210.
- D** ☐ Your penalty is lower when figured by treating the federal income tax withheld from your wages as paid on the dates it was actually withheld, instead of in equal amounts on the payment due dates. You must figure your penalty and file Form 2210.
- E** ☐ You filed or are filing a joint return for either 2005 or 2006, but not for both years, and line 8 above is smaller than line 5 above. You must file page 1 of Form 2210, but you are **not** required to figure your penalty (unless box **B**, **C**, or **D** applies).

BAA For Paperwork Reduction Act Notice, see separate instructions.Form **2210** (2006)

Part IV Regular Method (See the instructions if you are filing Form 1040NR or 1040NR-EZ.)

Section A – Figure Your Underpayment		Payment Due Dates				
		(a) 4/15/06	(b) 6/15/06	(c) 9/15/06	(d) 1/15/07	
18	Required installments. If box C in Part II applies, enter the amounts from Schedule AI, line 25. Otherwise, enter 25% (.25) of line 9, Form 2210, in each column.	18	4,142.	4,143.	128,945.	45,744.
19	Estimated tax paid and tax withheld (see instructions). For column (a) only, also enter the amount from line 19 on line 23. If line 19 is equal to or more than line 18 for all payment periods, stop here; you do not owe a penalty. Do not file Form 2210 unless you checked a box in Part II.	19	15,929.	15,929.	15,928.	15,928.
<i>Complete lines 20 through 26 of one column before going to line 20 of the next column.</i>						
20	Enter the amount, if any, from line 26 in the previous column.	20		11,787.	23,573.	
21	Add lines 19 and 20	21		27,716.	39,501.	15,928.
22	Add the amounts on lines 24 & 25 in previous column.	22				89,444.
23	Subtract line 22 from line 21. If zero or less, enter -0-. For column (a) only, enter the amount from line 19	23	15,929.	27,716.	39,501.	0.
24	If line 23 is zero, subtract line 21 from line 22. Otherwise, enter -0-	24		0.	0.	
25	Underpayment. If line 18 is equal to or more than line 23, subtract line 23 from line 18. Then go to line 20 of the next column. Otherwise, go to line 26.	25			89,444.	45,744.
26	Overpayment. If line 23 is more than line 18, subtract line 18 from line 23. Then go to line 20 of the next column.	26	11,787.	23,573.		

Section B – Figure the Penalty (Complete lines 27 through 30 of one column before going to the next column.)

RATE PERIOD 1	April 16, 2006 – June 30, 2006		4/15/06	6/15/06		
	27	Number of days from the date shown above line 27 to the date the amount on line 25 was paid or 6/30/06, whichever is earlier	Days:	Days:		
	28	Underpayment on line 25 x $\frac{\text{Number of days on line 27}}{365} \times .07$	\$	\$		
RATE PERIOD 2	July 1, 2006 – April 15, 2007		6/30/06	6/30/06	9/15/06	1/15/07
	29	Number of days from the date shown above line 29 to the date the amount on line 25 was paid or 4/15/07, whichever is earlier	Days:	Days:	Days:	Days:
	30	Underpayment on line 25 x $\frac{\text{Number of days on line 29}}{365} \times .08$	\$	\$	\$ 3,841.89	\$ 902.35
31		Penalty. Add all amounts on lines 28 and 30 in all columns. Enter the total here and on Form 1040, line 77; Form 1040A, line 48; Form 1040NR, line 75; Form 1040NR-EZ, line 27; or Form 1041, line 26, but do not file Form 2210 unless you checked a box in Part II.	\$			4,744.

Form 2210 (2006)

Schedule AI – Annualized Income Installment Method (see instructions)

Estates and trusts, do not use the period ending dates shown to the right. Instead, use the following: 2/28/06, 4/30/06, 7/31/06, and 11/30/06.

	(a)	(b)	(c)	(d)
	1/1/06 - 3/31/06	1/1/06 - 5/31/06	1/1/06 - 8/31/06	1/1/06 - 12/31/06

Part I – Annualized Income Installments

1 Enter your adjusted gross income for each period (see instrs). (Estates and trusts, enter your taxable income without your exemption for each period.) . . .	1	219,284.	365,473.	3,922,106.	4,208,625.
2 Annualization amounts. (Estates & trusts, see instrs.)	2	4	2.4	1.5	1
3 Annualized income. Multiply line 1 by line 2.	3	877,136.	877,135.	5,883,159.	4,208,625.
4 Enter your itemized dedns for the period shown in each col. If you do not itemize, enter -0- and skip to line 7. (Estates & trusts, enter -0-, skip to line 9, and enter the amount from line 3 on line 9.)	4	183,850.	306,416.	490,265.	735,397.
5 Annualization amounts	5	4	2.4	1.5	1
6 Multiply line 4 by line 5 (see instructions if line 3 is more than \$75,250).	6	735,400.	735,398.	735,398.	665,537.
7 In each column, enter the full amount of your standard deduction from Form 1040, line 40, or Form 1040A, line 24 (Form 1040NR or 1040NR-EZ filers, enter -0-. Exception: Indian students and business apprentices, enter standard deduction from Form 1040NR, line 37, or Form 1040NR-EZ, line 11.)	7	10,300.	10,300.	10,300.	10,300.
8 Enter the larger of line 6 or line 7.	8	735,400.	735,398.	735,398.	665,537.
9 Subtract line 8 from line 3.	9	141,736.	141,737.	5,147,761.	3,543,088.
10 In each column, multiply \$3,300 by the total number of exemptions claimed (see instructions if line 3 is more than \$112,875). (Estates and trusts and Form 1040NR or 1040NR-EZ filers, enter the exemption amount shown on your tax return.)	10	5,500.	5,500.	5,500.	5,500.
11 Subtract line 10 from line 9.	11	136,236.	136,237.	5,142,261.	3,537,588.
12 Figure your tax on the amount on line 11 (see instrs)	12	14,305.	14,306.	1,205,377.	643,741.
13 Self-employment tax from line 34 below (complete Part II).	13	4,104.	4,104.	4,104.	4,104.
14 Enter other taxes for each payment per (see instrs)	14				
15 Total tax. Add lines 12, 13, and 14.	15	18,409.	18,410.	1,209,481.	647,845.
16 For each period, enter the same type of credits as allowed on Form 2210, lines 1 and 3 (see instrs)	16				
17 Subtract line 16 from line 15. If zero or less, enter -0-	17	18,409.	18,410.	1,209,481.	647,845.
18 Applicable percentage.	18	22.5%	45%	67.5%	90%
19 Multiply line 17 by line 18.	19	4,142.	8,285.	816,400.	583,061.
Complete lines 20 - 25 of one column before going to line 20 of the next column.					
20 Enter the totl of the amts in all prev columns of line 25	20		4,142.	8,285.	137,230.
21 Subtract line 20 from line 19. If zero or less, enter -0-	21	4,142.	4,143.	808,115.	445,831.
22 Enter 25% (.25) of line 9 on page 1 of Form 2210 in each column.	22	45,743.	45,743.	45,744.	45,744.
23 Subtract line 25 of the previous column from line 24 of that column.	23		41,601.	83,201.	
24 Add lines 22 and 23	24	45,743.	87,344.	128,945.	45,744.
25 Enter the smaller of line 21 or line 24 here and on Form 2210, line 18.	25	4,142.	4,143.	128,945.	45,744.

Part II – Annualized Self-Employment Tax (Form 1040 filers only) **TAXPAYER**

26 Net earnings from self-employment for the period (see instructions).	26	35,380.	58,971.	94,350.	141,518.
27 Prorated social security tax limit.	27	\$23,550	\$39,250	\$62,800	\$94,200
28 Enter actual wages for the period subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier I) tax.	28	23,550.	39,250.	62,800.	94,200.
29 Subtract line 28 from line 27. If zero or less, enter -0-	29	0.	0.	0.	0.
30 Annualization amounts	30	0.496	0.2976	0.186	0.124
31 Multiply line 30 by the smaller of line 26 or line 29	31				
32 Annualization amounts	32	0.116	0.0696	0.0435	0.029
33 Multiply line 26 by line 32.	33	4,104.	4,104.	4,104.	4,104.
34 Add lines 31 and 33. Enter here and on line 13 above.	34	4,104.	4,104.	4,104.	4,104.

2006

UNDERPAYMENT PENALTY WORKSHEET

J. CRAIG AND MARILYN JAMES

Required Installment	Payment			Penalty				
	Date	Type *	Amount	Underpayment	Days Late	Rate	Amount of Penalty **	Penalty per Period
FIRST QTR 4,142.	4/15/06	2	4,142.					
SECOND QTR 4,143.	6/15/06	2	4,143.					
THIRD QTR 128,945.	6/15/06	2	7,644.	121,301.				
	6/15/06	2	15,929.	105,372.				
	9/15/06	2	15,928.	89,444.	122	0.080	2,391.71	
	1/15/07	2	15,928.	73,516.	90	0.080	1,450.18	
	4/15/07	5	73,516.					
TOTAL FOURTH QTR 45,744.	1/15/07			45,744.	90	0.080	902.35	3,841.89
TOTAL	4/15/07	5	45,744.					902.35
TOTAL UNDERPAYMENT PENALTY.....								4,744.

- * 1 = Overpayment
 2 = Withholding
 3 = Estimate
 4 = Extension
 5 = Paid with return

** Underpayment $\times \frac{\text{Days Late}}{365} \times \text{Rate}$

SCHEDULE A
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Itemized Deductions

▶ **Attach to Form 1040.**
▶ **See Instructions for Schedule A (Form 1040).**

OMB No. 1545-0074

2006

Attachment
Sequence No. **07**

Name(s) shown on Form 1040

Your social security number

J. CRAIG AND MARILYN JAMES

Medical and Dental Expenses	Caution. Do not include expenses reimbursed or paid by others.			
1	Medical and dental expenses (see instructions).....	1		
2	Enter amount from Form 1040, line 38..... 2			
3	Multiply line 2 by 7.5% (.075).....	3		
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-.....	4		0.
Taxes You Paid	5 State and local income taxes.....	5	19,928.	
(See instructions.)	6 Real estate taxes (see instructions)..... SEE STATEMENT 4	6	14,878.	
	7 Personal property taxes.....	7		
	8 Other taxes. List type and amount ▶.....	8		
	9 Add lines 5 through 8.....	9		34,806.
Interest You Paid	10 Home mtg interest and points reported to you on Form 1098..... SEE ST. 5	10	56,537.	
(See instructions.)	11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying number, and address ▶.....	11		
	12 Points not reported to you on Form 1098. See instrs for spcl rules.....	12		
Note. Personal interest is not deductible.	13 Investment interest. Attach Form 4952 if required. (See instrs.)..... STMT 6	13	604,411.	
	14 Add lines 10 through 13.....	14		660,948.
Gifts to Charity	15 Gifts by cash or check. If you made any gift of \$250 or more, see instrs..... SEE STATEMENT 7	15	35,000.	
If you made a gift and got a benefit for it, see instructions.	16 Other than by cash or check. If any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500.....	16		
	17 Carryover from prior year.....	17		
	18 Add lines 15 through 17.....	18		35,000.
Casualty and Theft Losses	19 Casualty or theft loss(es). Attach Form 4684. (See instructions.).....	19		0.
Job Expenses and Certain Miscellaneous Deductions	20 Unreimbursed employee expenses — job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.) ▶.....	20		
(See instructions.)	21 Tax preparation fees.....	21		
	22 Other expenses — investment, safe deposit box, etc. List type and amount ▶.....	22		
	INVESTMENT EXP. FROM K-1 6,141.	22	6,141.	
	23 Add lines 20 through 22.....	23	6,141.	
	24 Enter amount from Form 1040, line 38..... 24 4,208,625.	24		
	25 Multiply line 24 by 2% (.02).....	25	84,173.	
	26 Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-.....	26		0.
Other Miscellaneous Deductions	27 Other — from list in the instructions. List type and amount ▶.....	27		
	INVESTMENT EXP. FROM K-1 4,643.	27	4,643.	
Total Itemized Deductions	28 Is Form 1040, line 38, over \$150,500 (over \$75,250 if married filing separately)? <input type="checkbox"/> No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter this amount on Form 1040, line 40. <input checked="" type="checkbox"/> Yes. Your deduction may be limited. See instructions for the amount to enter.	28	REDUCTION -69,860.	665,537.
	29 If you elect to itemize deductions even though they are less than your standard deduction, check here ▶ <input type="checkbox"/>			

Your social security number

J. CRAIG AND MARILYN JAMES

Attachment
Sequence No. 08

1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see the instructions and list this interest first. Also, show that buyer's social security number and address.

CHASE BANK

DALTON BEND RANCH LTD

EMERGING LAND MARKETS GP, LLC

EMERGING LAND MARKETS, LP

FIRST CLEARING

LINCOLN NATIONAL LIFE INS

NORTHWESTERN MUTUAL LIFE INSURANCE

1

2 Add the amounts on line 1

3 Excludable interest on series EE and I U.S. savings bonds issued after 1989.
Attach Form 8815.

4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a. ▶

Note. If line 4 is over \$1,500, you must complete Part III.

5 List name of paver... ▶

DALTON BEND RANCH LTD

EMERGING LAND MARKETS GP, LLC

EMERGING LAND MARKETS, LP

FIRST CLEARING

NATIONAL FINANCIAL SERVICES

5

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9a.

Note. If line 6 is over \$1,500, you must complete Part III.

You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; or (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

(See instructions.)

7a At any time during 2006, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See instructions for exceptions and filing requirements for Form TD F 90-22.1

b If 'Yes,' enter the name of the foreign country. ►

8 During 2006, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust?
If 'Yes,' you may have to file Form 3520. See instructions.

✓

No

1

1

SCHEDULE C-EZ
(Form 1040)

Department of the Treasury
Internal Revenue Service

Net Profit From Business
(Sole Proprietorship)

- Partnerships, joint ventures, etc, must file Form 1065 or 1065-B.
► Attach to Form 1040, 1040NR, or 1041. ► See instructions.

OMB No. 1545-0074

2006

Attachment
Sequence No. **09A**

Name of proprietor

Social security number (SSN)

J. CRAIG JAMES

Part I General Information

**You May Use
Schedule C-EZ
Instead of
Schedule C
Only If You:**

- Had business expenses of \$5,000 or less.
- Use the cash method of accounting.
- Did not have an inventory at any time during the year.
- Did not have a net loss from your business.
- Had only one business as either a sole proprietor or statutory employee.

And You:

- Had no employees during the year.
- Are not required to file **Form 4562**, Depreciation and Amortization, for this business. See the instructions for Schedule C, line 13, to find out if you must file.
- Do not deduct expenses for business use of your home.
- Do not have prior year unallowed passive activity losses from this business.

A Principal business or profession, including product or service
BROADCASTING

B Enter code from instructions
► **513000**

C Business name. If no separate business name, leave blank.

D Employer ID number (EIN), if any

E Business address (including suite or room number). Address not required if same as on page 1 of your tax return.

City, town or post office, state, and ZIP code

Part II Figure Your Net Profit

1 Gross receipts. Caution. If this income was reported to you on Form W-2 and the 'Statutory employee' box on that form was checked, see Statutory Employees in the instructions for Schedule C, line 1, and check here <input type="checkbox"/>	1	170,000.
2 Total expenses (see instructions). If more than \$5,000, you must use Schedule C.	2	
3 Net profit. Subtract line 2 from line 1. If less than zero, you must use Schedule C. Enter on Form 1040, line 12 , and on Schedule SE, line 2 , or on Form 1040NR, line 13 . (Statutory employees do not report this amount on Schedule SE, line 2. Estates and trusts, enter on Form 1041, line 3.)	3	170,000.

Part III Information on Your Vehicle. Complete this part **only** if you are claiming car or truck expenses on line 2.

4 When did you place your vehicle in service for business purposes? (month, day, year) ► _____

5 Of the total number of miles you drove your vehicle during 2006, enter the number of miles you used your vehicle for:

a Business _____ **b** Commuting (see instructions) _____ **c** Other _____

6 Do you (or your spouse) have another vehicle available for personal use? ☐ Yes ☐ No

7 Was your vehicle available for personal use during off-duty hours? ☐ Yes ☐ No

8a Do you have evidence to support your deduction? ☐ Yes ☐ No

b If 'Yes,' is the evidence written? ☐ Yes ☐ No

BAA For Paperwork Reduction Act Notice, see instructions.

Schedule **C-EZ** (Form 1040) 2006

SCHEDULE D
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Capital Gains and Losses

► Attach to Form 1040 or Form 1040NR. ► See Instructions for Schedule D (Form 1040).
► Use Schedule D-1 to list additional transactions for lines 1 and 8.

OMB No. 1545-0074

2006

Attachment
Sequence No. **12**

Name(s) shown on Form 1040

J. CRAIG AND MARILYN JAMES

Your social security number

Part I Short-Term Capital Gains and Losses — Assets Held One Year or Less

(a) Description of property (Example: 100 shares XYZ Co)	(b) Date acquired (Mo. day, yr)	(c) Date sold (Mo. day, yr)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
1					
2 Enter your short-term totals, if any, from Schedule D-1, line 2 ...	2				
3 Total short-term sales price amounts. Add lines 1 and 2 in column (d) ...	3				
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824	4				
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	5				
6 Short-term capital loss carryover. Enter the amount, if any, from line 10 of your Capital Loss Carryover Worksheet in the instructions	6				-76,141.
7 Net short-term capital gain or (loss). Combine lines 1 through 6 in column (f)	7				-76,141.

Part II Long-Term Capital Gains and Losses — Assets Held More Than One Year

(a) Description of property (Example: 100 shares XYZ Co)	(b) Date acquired (Mo. day, yr)	(c) Date sold (Mo. day, yr)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
8					
9 Enter your long-term totals, if any, from Schedule D-1, line 9 ...	9				
10 Total long-term sales price amounts. Add lines 8 and 9 in column (d) ...	10				
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824	11				
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	12				3,413,490.
13 Capital gain distributions. See instrs	13				
14 Long-term capital loss carryover. Enter the amount, if any, from line 15 of your Capital Loss Carryover Worksheet in the instructions	14				
15 Net long-term capital gain or (loss). Combine lines 8 through 14 in column (f). Then go to Part III on page 2	15				3,413,490.

BAA For Paperwork Reduction Act Notice, see Form 1040 or Form 1040NR instructions.

Schedule D (Form 1040) 2006

Part III Summary

16 Combine lines 7 and 15 and enter the result. If line 16 is a loss, skip lines 17 through 20, and go to line 21. If a gain, enter the gain on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 17 below.	16	3,337,349.
17 Are lines 15 and 16 both gains?		
<input checked="" type="checkbox"/> Yes. Go to line 18.		
<input type="checkbox"/> No. Skip lines 18 through 21, and go to line 22.		
18 Enter the amount, if any, from line 7 of the 28% Rate Gain Worksheet in the instructions	18	0.
19 Enter the amount, if any, from line 18 of the Unrecaptured Section 1250 Gain Worksheet in the instructions.	19	
20 Are lines 18 and 19 both zero or blank?		
<input checked="" type="checkbox"/> Yes. Complete Form 1040 through line 43, or Form 1040NR through line 40. Then complete the Qualified Dividends and Capital Gain Tax Worksheet in the Instructions for Form 1040 (or in the Instructions for Form 1040NR). Do not complete lines 21 and 22 below.		
<input type="checkbox"/> No. Complete Form 1040 through line 43, or Form 1040NR through line 40. Then complete the Schedule D Tax Worksheet in the instructions. Do not complete lines 21 and 22 below.		
21 If line 16 is a loss, enter here and on Form 1040, line 13, or Form 1040NR, line 14, the smaller of:		
<ul style="list-style-type: none"> • The loss on line 16 or • (\$3,000), or if married filing separately, (\$1,500) 	21	
Note. When figuring which amount is smaller, treat both amounts as positive numbers.		
22 Do you have qualified dividends on Form 1040, line 9b, or Form 1040NR, line 10b?		
<input type="checkbox"/> Yes. Complete Form 1040 through line 43, or Form 1040NR through line 40. Then complete the Qualified Dividends and Capital Gain Tax Worksheet in the Instructions for Form 1040 (or in the Instructions for Form 1040NR).		
<input type="checkbox"/> No. Complete the rest of Form 1040 or Form 1040NR.		

Schedule D (Form 1040) 2006

Name(s) shown on return. Do not enter name and social security number if shown on Page 1.

Your social security number

J. CRAIG AND MARILYN JAMES

Caution: The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.**Part II Income or Loss From Partnerships and S Corporations****Note.** If you report a loss from an at-risk activity for which **any** amount is **not** at risk, you **must** check the box in column (e) on line 28 and attach **Form 6198**. See instructions.

- 27 Are you reporting any loss not allowed in a prior year due to the at-risk or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? ... ☒ Yes ☐ No
- If you answered 'Yes,' see instructions before completing this section.

28	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if any amount is not at risk
A	SEE STATEMENT 8				
B					
C					
D					

Passive Income and Loss			Nonpassive Income and Loss		
(f) Passive loss allowed (attach Form 8582 if required)	(g) Passive income from Schedule K-1	(h) Nonpassive loss from Schedule K-1	(i) Section 179 expense deduction from Form 4562	(j) Nonpassive income from Schedule K-1	
A					
B					
C					
D					
29a Totals		45,351.			281,058.
b Totals	665.				
30 Add columns (g) and (j) of line 29a			30		326,409.
31 Add columns (f), (h), and (i) of line 29b			31		-665.
32 Total partnership and S corporation income or (loss). Combine lines 30 and 31. Enter the result here and include in the total on line 41 below			32		325,744.

Part III Income or Loss From Estates and Trusts

33	(a) Name	(b) Employer ID no.
A		
B		
Passive Income and Loss		Nonpassive Income and Loss
(c) Passive deduction or loss allowed (attach Form 8582 if required)	(d) Passive income from Schedule K-1	(e) Deduction or loss from Schedule K-1
A		
B		
34a Totals		
b Totals		
35 Add columns (d) and (f) of line 34a		35
36 Add columns (c) and (e) of line 34b		36
37 Total estate and trust income or (loss). Combine lines 35 and 36. Enter the result here and include in the total on line 41 below		37

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs) – Residual Holder

38	(a) Name	(b) Employer identification number	(c) Excess inclusion from Schedules Q, line 2c (see instructions)	(d) Taxable income (net loss) from Schedules Q, line 1b	(e) Income from Schedules Q, line 3b
39	Combine columns (d) and (e) only. Enter the result here and include in the total on line 41 below				39

Part V Summary

40	Net farm rental income or (loss) from Form 4835. Also, complete line 42 below	40	
41	Total income or (loss). Combine lines 26, 32, 37, 39, and 40. Enter the result here and on Form 1040, line 17, or Form 1040NR, line 18	41	325,744.
42	Reconciliation of farming and fishing income. Enter your gross farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), box 14, code B; Schedule K-1 (Form 1120S), box 17, code T; and Schedule K-1 (Form 1041), line 14, code F (see instructions)	42	
43	Reconciliation for real estate professionals. If you were a real estate professional (see instructions), enter the net income or (loss) you reported anywhere on Form 1040 or Form 1040NR from all rental real estate activities in which you materially participated under the passive activity loss rules	43	

SCHEDULE F
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Profit or Loss From Farming

► Attach to Form 1040, Form 1040NR, Form 1041, Form 1065, or Form 1065-B.
► See instructions for Schedule F (Form 1040).

OMB No. 1545-0074

2006

Attachment
Sequence No. **14**

Name of proprietor

J. CRAIG JAMES

Social security number (SSN)

A Principal product. Describe in one or two words your principal crop or activity for the current tax year.

HORSES & HAY

B Enter code from Part IV

► **112900**

C Accounting method: (1) ☒ Cash (2) ☐ Accrual

D Employer ID number (EIN), if any

E Did you 'materially participate' in the operation of this business during 2006? If 'No,' see instructions for limit on passive losses. ☒ Yes ☐ No

Part I Farm income — Cash Method. Complete Parts I and II (Accrual method, complete Parts II & III, & Part I, line 11.)
Do not include sales of livestock held for draft, breeding, sport, or dairy purposes. Report these sales on Form 4797.

1	Sales of livestock and other items you bought for resale.	1			
2	Cost or other basis of livestock and other items reported on line 1	2			
3	Subtract line 2 from line 1.	3			
4	Sales of livestock, produce, grains, and other products you raised	4			5,000.
5a	Cooperative distributions (Form(s) 1099-PATR)	5a		5b Taxable amount	5b
6a	Agricultural program payments (see instructions)	6a		6b Taxable amount	6b
7	Commodity Credit Corporation (CCC) loans (see instructions):				
a	CCC loans reported under election.			7a	
b	CCC loans forfeited.	7b		7c Taxable amount	7c
8	Crop insurance proceeds and federal crop disaster payments (see instructions):				
a	Amount received in 2006.	8a		8b Taxable amount	8b
c	If election to defer to 2007 is attached, check here. <input type="checkbox"/>			8d Amount deferred from 2005.	8d
9	Custom hire (machine work) income	9			
10	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	10			
11	Gross income. Add amounts in the right column for lines 3 through 10. If you use the accrual method, enter the amount from Part III, line 51.	11			5,000.

Part II Farm Expenses — Cash and Accrual Method.
Do not include personal or living expenses such as taxes, insurance, or repairs on your home.

12	Car and truck expenses (see instructions). Also attach Form 4562.	12		25	Pension and profit-sharing plans	25	
13	Chemicals	13		26	Rent or lease (see instructions):		
14	Conservation expenses (see instructions)	14		a	Vehicles, machinery, and equipment	26a	
15	Custom hire (machine work)	15		b	Other (land, animals, etc.)	26b	
16	Depreciation and section 179 expense deduction not claimed elsewhere (see instructions)	16	10,409.	27	Repairs and maintenance	27	3,470.
17	Employee benefit programs other than on line 25	17		28	Seeds and plants	28	
18	Feed	18	4,765.	29	Storage and warehousing	29	
19	Fertilizers and lime	19		30	Supplies	30	2,705.
20	Freight and trucking	20		31	Taxes	31	
21	Gasoline, fuel, and oil	21		32	Utilities	32	
22	Insurance (other than health)	22		33	Veterinary, breeding, and medicine	33	
23	Interest:			34	Other expenses (specify):		
a	Mortgage (paid to banks, etc.)	23a		a		34a	
b	Other	23b	410.	b		34b	
24	Labor hired (less employment credits)	24		c		34c	
				d		34d	
				e		34e	
				f		34f	
35	Total expenses. Add lines 12 through 34f. If line 34f is negative, see instructions	35					21,759.
36	Net farm profit or (loss). Subtract line 35 from line 11.	36					-16,759.
	• If a profit, enter the profit on Form 1040, line 18, and also on Schedule SE, line 1. • If you file Form 1040NR, enter the profit on Form 1040NR, line 19. • If a loss, you must go on to line 37. Estates, trusts, and partnerships, see instructions.						
37	If you have a loss, you must check the box that describes your investment in this activity (see instructions).						
	• If you checked 37a, enter the loss on Form 1040, line 18, and also on Schedule SE, line 1. • If you file Form 1040NR, enter the loss on Form 1040NR, line 19. • If you checked 37b, you must attach Form 6198. Your loss may be limited.			37a	<input checked="" type="checkbox"/> All investment is at risk.		
				37b	<input type="checkbox"/> Some investment is not at risk.		

Name of person with self-employment income (as shown on Form 1040)

J. CRAIG JAMES

Social security number of person with self-employment income ▶

Section B – Long Schedule SE**Part I Self-Employment Tax**

Note. If your only income subject to self-employment tax is **church employee income**, skip lines 1 through 4b. Enter -0- on line 4c and go to line 5a. Income from services you performed as a minister or a member of a religious order is **not** church employee income. See instructions.

A If you are a minister, member of a religious order, or Christian Science practitioner and you filed Form 4361, but you had \$400 or more of other net earnings from self-employment, check here and continue with Part I <input type="checkbox"/>		
1 Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A. Note. Skip this line if you use the farm optional method (see instructions).	1	-16,759.
2 Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code J1. Ministers and members of religious orders, see instructions for amounts to report on this line. See instructions for other income to report. Note. Skip this line if you use the nonfarm optional method (see instructions).	2	170,000.
3 Combine lines 1 and 2.	3	153,241.
4a If line 3 is more than zero, multiply line 3 by 92.35% (.9235). Otherwise, enter amount from line 3.	4a	141,518.
b If you elect one or both of the optional methods, enter the total of lines 15 and 17 here.	4b	
c Combine lines 4a and 4b. If less than \$400, stop ; you do not owe self-employment tax. Exception. If less than \$400 and you had church employee income , enter -0- and continue.	4c	141,518.
5a Enter your church employee income from Form W-2. See the instructions for definition of church employee income.	5a	
b Multiply line 5a by 92.35% (.9235). If less than \$100, enter -0-.	5b	0.
6 Net earnings from self-employment. Add lines 4c and 5b.	6	141,518.
7 Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 2006.	7	94,200.
8a Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation. If \$94,200 or more, skip lines 8b through 10, and go to line 11.	8a	94,200.
b Unreported tips subject to social security tax (from Form 4137, line 9).	8b	
c Add lines 8a and 8b.	8c	
9 Subtract line 8c from line 7. If zero or less, enter -0- here and on line 10 and go to line 11.	9	
10 Multiply the smaller of line 6 or line 9 by 12.4% (.124).	10	
11 Multiply line 6 by 2.9% (.029).	11	4,104.
12 Self-employment tax. Add lines 10 and 11. Enter here and on Form 1040, line 58 .	12	4,104.
13 Deduction for one-half of self-employment tax. Multiply line 12 by 50% (.5). Enter the result here and on Form 1040, line 27 .	13	2,052.

Part II Optional Methods To Figure Net Earnings (see instructions)

Farm Optional Method. You may use this method **only** if (a) your gross farm income⁽¹⁾ was not more than \$2,400 or (b) your net farm profits⁽²⁾ were less than \$1,733.

14 Maximum income for optional methods.	14	1,600.
15 Enter the smaller of: two-thirds (2/3) of gross farm income ⁽¹⁾ (not less than zero) or \$1,600. Also, include this amount on line 4b above.	15	

Nonfarm Optional Method. You may use this method **only** if (a) your net nonfarm profits⁽³⁾ were less than \$1,733 and also less than 72.189% of your gross nonfarm income⁽⁴⁾ and (b) you had net earnings from self-employment of at least \$400 in 2 of the prior 3 years.

Caution. You may use this method no more than five times.

16 Subtract line 15 from line 14.	16	
17 Enter the smaller of: two-thirds (2/3) of gross nonfarm income ⁽⁴⁾ (not less than zero) or the amount on line 16. Also include this amount on line 4b above.	17	

(1) From Schedule F, line 11, and Schedule K-1 (Form 1065), box 14, code B.

(2) From Schedule F, line 36, and Schedule K-1 (Form 1065), box 14, code A.

(3) From Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A; and Schedule K-1 (Form 1065-B), box 9, code J1.

(4) From Schedule C, line 7; Schedule C-EZ, line 1; Schedule K-1 (Form 1065), box 14, code C; and Schedule K-1 (Form 1065-B), box 9, code J2.

Alternative Minimum Tax — Individuals▶ See separate instructions.
▶ Attach to Form 1040 or Form 1040NR.

OMB No. 1545-0074

2006Attachment
Sequence No. **32**

Name(s) shown on Form 1040 or Form 1040NR

Your social security number

J. CRAIG AND MARILYN JAMES**Part I Alternative Minimum Taxable Income** (See instructions for how to complete each line.)

1	If filing Schedule A (Form 1040), enter the amount from Form 1040, line 41 (minus any amount on Form 8914, line 6), and go to line 2. Otherwise, enter the amount from Form 1040, line 38 (minus any amount on Form 8914, line 6), and go to line 7. (If less than zero, enter as a negative amount.)	1	3,543,088.
2	Medical and dental. Enter the smaller of Schedule A (Form 1040), line 4 or 2-1/2% of Form 1040, line 38.	2	
3	Taxes from Schedule A (Form 1040), line 9.	3	34,806.
4	Enter the home mortgage interest adjustment, if any, from line 6 of the worksheet in the instructions.	4	
5	Miscellaneous deductions from Schedule A (Form 1040), line 26.	5	
6	If Form 1040, line 38, is over \$150,500 (over \$75,250 if married filing separately), enter the amount from line 11 of the Itemized Deductions Worksheet in the Instructions for Schedule A (Form 1040).	6	-69,860.
7	Tax refund from Form 1040, line 10 or line 21.	7	
8	Investment interest expense (difference between regular tax and AMT).	8	
9	Depletion (difference between regular tax and AMT).	9	
10	Net operating loss deduction from Form 1040, line 21. Enter as a positive amount.	10	
11	Interest from specified private activity bonds exempt from the regular tax.	11	14.
12	Qualified small business stock (7% of gain excluded under section 1202).	12	
13	Exercise of incentive stock options (excess of AMT income over regular tax income).	13	
14	Estates and trusts (amount from Schedule K-1 (Form 1041), box 12, code A).	14	
15	Electing large partnerships (amount from Schedule K-1 (Form 1065-B), box 6).	15	
16	Disposition of property (difference between AMT and regular tax gain or loss).	16	
17	Depreciation on assets placed in service after 1986 (difference between regular tax and AMT).	17	
18	Passive activities (difference between AMT and regular tax income or loss).	18	
19	Loss limitations (difference between AMT and regular tax income or loss).	19	
20	Circulation costs (difference between regular tax and AMT).	20	
21	Long-term contracts (difference between AMT and regular tax income).	21	
22	Mining costs (difference between regular tax and AMT).	22	
23	Research and experimental costs (difference between regular tax and AMT).	23	
24	Income from certain installment sales before January 1, 1987.	24	
25	Intangible drilling costs preference.	25	
26	Other adjustments, including income-based related adjustments.	26	
27	Alternative tax net operating loss deduction.	27	
28	Alternative minimum taxable income. Combine lines 1 through 27. (If married filing separately and line 28 is more than \$200,100, see instructions.)	28	3,508,048.

Part II Alternative Minimum Tax

29	Exemption. (If this form is for a child under age 18, see instructions.)														
	<table border="0"> <thead> <tr> <th>IF your filing status is ...</th> <th>AND line 28 is not over ...</th> <th>THEN enter on line 29 ...</th> </tr> </thead> <tbody> <tr> <td>Single or head of household.</td> <td>\$112,500.</td> <td>\$42,500</td> </tr> <tr> <td>Married filing jointly or qualifying widow(er).</td> <td>150,000.</td> <td>62,550</td> </tr> <tr> <td>Married filing separately.</td> <td>75,000.</td> <td>31,275</td> </tr> </tbody> </table>	IF your filing status is ...	AND line 28 is not over ...	THEN enter on line 29 ...	Single or head of household.	\$112,500.	\$42,500	Married filing jointly or qualifying widow(er).	150,000.	62,550	Married filing separately.	75,000.	31,275	29	
IF your filing status is ...	AND line 28 is not over ...	THEN enter on line 29 ...													
Single or head of household.	\$112,500.	\$42,500													
Married filing jointly or qualifying widow(er).	150,000.	62,550													
Married filing separately.	75,000.	31,275													
30	If line 28 is over the amount shown above for your filing status, see instructions. Subtract line 29 from line 28. If more than zero or you are filing Form 2555 or 2555-EZ, go to line 31. If zero or less and you are not filing Form 2555 or 2555-EZ, enter -0- on lines 33 and 35 and skip the rest of Part II.														
30		30	3,508,048.												
31	<ul style="list-style-type: none"> • If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter. • If you reported capital gain distributions directly on Form 1040, line 13; you reported qualified dividends on Form 1040, line 9b; or you had a gain on both lines 15 and 16 of Schedule D (Form 1040) (as required for the AMT, if necessary), complete Part III on page 2 and enter the amount from line 55 here. • All others: If line 30 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 30 by 26% (.26). Otherwise, multiply line 30 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result. 														
31		31	609,771.												
32	Alternative minimum tax foreign tax credit (see instructions).														
32		32													
33	Tentative minimum tax. Subtract line 32 from line 31.														
33		33	609,771.												
34	Tax from Form 1040, line 44 (minus any tax from Form 4972 and any foreign tax credit from Form 1040, line 47). If you used Schedule J to figure your tax, the amount for line 44 of Form 1040 must be refigured without using Schedule J (see instructions).														
34		34	643,741.												
35	Alternative minimum tax. Subtract line 34 from line 33. If zero or less, enter -0-. Enter here and on Form 1040, line 45.														
35		35	0.												

Part III Tax Computation Using Maximum Capital Gains Rates

36	Enter the amount from Form 6251, line 30.	36	3,508,048.
37	Enter the amount from line 6 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44, or the amount from line 13 of the Schedule D Tax Worksheet in the instructions for Schedule D (Form 1040), whichever applies (as figured for the AMT, if necessary) (see instructions).	37	2,838,323.
38	Enter the amount from Schedule D (Form 1040), line 19 (as figured for the AMT, if necessary) (see instructions).	38	0.
39	If you did not complete a Schedule D Tax Worksheet for the regular tax or the AMT, enter the amount from line 37. Otherwise, add lines 37 and 38, and enter the smaller of that result or the amount from line 10 of the Schedule D Tax Worksheet (as figured for the AMT, if necessary).	39	2,838,323.
40	Enter the smaller of line 36 or line 39.	40	2,838,323.
41	Subtract line 40 from line 36.	41	669,725.
42	If line 41 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 41 by 26% (.26). Otherwise, multiply line 41 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result.	42	184,023.
43	Enter: <ul style="list-style-type: none"> • \$61,300 if married filing jointly or qualifying widow(er), • \$30,650 if single or married filing separately, or • \$41,050 if head of household. 	43	61,300.
44	Enter the amount from line 7 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44, or the amount from line 14 of the Schedule D Tax Worksheet in the instructions for Schedule D (Form 1040), whichever applies (as figured for the regular tax). If you did not complete either worksheet for the regular tax, enter -0-.	44	699,265.
45	Subtract line 44 from line 43. If zero or less, enter -0-.	45	0.
46	Enter the smaller of line 36 or line 37.	46	2,838,323.
47	Enter the smaller of line 45 or line 46.	47	
48	Multiply line 47 by 5% (.05).	48	
49	Subtract line 47 from line 46.	49	2,838,323.
50	Multiply line 49 by 15% (.15). If line 38 is zero or blank, skip lines 51 and 52 and go to line 53. Otherwise, go to line 51.	50	425,748.
51	Subtract line 46 from line 40.	51	
52	Multiply line 51 by 25% (.25).	52	
53	Add lines 42, 48, 50, and 52.	53	609,771.
54	If line 36 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 36 by 26% (.26). Otherwise, multiply line 36 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result.	54	978,753.
55	Enter the smaller of line 53 or line 54 here and on line 31.	55	609,771.

Form **4952****Investment Interest Expense Deduction**

OMB No. 1545-0191

Department of the Treasury
Internal Revenue Service (99)▶ **Attach to your tax return.****2006**Attachment
Sequence No. **51**

Name(s) shown on return

J. CRAIG AND MARILYN JAMES

Identifying number

Part I Total Investment Interest Expense

1	Investment interest expense paid or accrued in 2006 (see instructions).....	1	331,718.
2	Disallowed investment interest expense from 2005 Form 4952, line 7.....	2	272,693.
3	Total investment interest expense. Add lines 1 and 2.....	3	604,411.

Part II Net Investment Income

4a	Gross income from property held for investment (excluding any net gain from the disposition of property held for investment).....	4a	110,028.	
b	Qualified dividends included on line 4a.....	4b	129.	
c	Subtract line 4b from line 4a.....	4c	109,899.	
d	Net gain from the disposition of property held for investment.....	4d	3,337,349.	
e	Enter the smaller of line 4d or your net capital gain from the disposition of property held for investment (see instructions).....	4e	3,337,349.	
f	Subtract line 4e from line 4d.....	4f		
g	Enter the amount from lines 4b and 4e that you elect to include in investment income (see instructions).....	4g	499,155.	
h	Investment income. Add lines 4c, 4f, and 4g.....	4h	609,054.	
5	Investment expenses (see instructions).....	5	4,643.	
6	Net investment income. Subtract line 5 from line 4h. If zero or less, enter -0-.....	6	604,411.	

Part III Investment Interest Expense Deduction

7	Disallowed investment interest expense to be carried forward to 2007. Subtract line 6 from line 3. If zero or less, enter -0-.....	7	0.
8	Investment interest expense deduction. Enter the smaller of line 3 or 6. See instructions.....	8	604,411.

BAA For Paperwork Reduction Act Notice, see separate instructions.Form **4952** (2006)

Form **4562**Department of the Treasury
Internal Revenue Service**Depreciation and Amortization**
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

2006Attachment
Sequence No. **67**

Name(s) shown on return

J. CRAIG AND MARILYN JAMES

Identifying number

Business or activity to which this form relates

SCHEDULE F / FORM 4835 - HORSES & HAY**Part I Election To Expense Certain Property Under Section 179***Note: If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount. See the instructions for a higher limit for certain businesses.	1	\$108,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$430,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29.	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2005 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs.)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12	13	

*Note: Do not use Part II or Part III below for listed property. Instead, use Part V.***Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)** (See instructions.)

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2006	17	9,453.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here. <input type="checkbox"/>		

Section B - Assets Placed in Service During 2006 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	
				MM	S/L	

Section C - Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (see instructions)

21	Listed property. Enter amount from line 28	21	956.
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	10,409.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

BAA For Paperwork Reduction Act Notice, see separate instructions.

FD120812L 06/22/06

Form **4562** (2006)

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A – Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No									24b If 'Yes,' is the evidence written? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost		
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)								25		
26 Property used more than 50% in a qualified business use:										
JEEP	1/01/05	100.0	3,748.	3,748.	5.0	150DB HY	956.			
27 Property used 50% or less in a qualified business use:										
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1								28	956.	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1								29	0.	

Section B – Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)		
Note: If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles.		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2006 tax year (see instructions):					
43 Amortization of costs that began before your 2006 tax year					
44 Total. Add amounts in column (f). See instructions for where to report					44

Form **4868**Department of the Treasury
Internal Revenue Service**Application for Automatic Extension of Time
To File U.S. Individual Income Tax Return**

OMB No. 1545-0074

2006

For calendar year 2006, or other tax year beginning

, 2006, ending

Part I Identification		Part II Individual Income Tax	
1 Your name(s) (see instructions) J. CRAIG JAMES MARILYN JAMES WAGNER, EUBANK & NICHOLS, LLP Address (see instructions) 5950 BERKSHIRE, #300 City, town or post office DALLAS, TX 75225		4 Estimate of total tax liability for 2006..... \$ 613,714. 5 Total 2006 payments..... 63,714. 6 Balance due. Subtract line 5 from line 4 (see instructions).... 550,000. 7 Amount you are paying (see instructions)..... ▶ 550,000.	
2 Your social security number	3 Spouse's social security number	8 Check here if you are 'out of the country' and a U.S. citizen or resident (see instructions)..... ▶ <input type="checkbox"/> 9 Check here if you file Form 1040NR or 1040NR-EZ and did not receive wages as an employee subject to U.S. income tax withholding..... ▶ <input type="checkbox"/>	

BAA For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Form **4868 (2006)**

▲ Detach Here ▲

MAKE YOUR CHECK PAYABLE TO THE "UNITED STATES TREASURY"
AND MAIL FORM 4868 WITH YOUR PAYMENT TO:

INTERNAL REVENUE SERVICE
P.O. BOX 660575
DALLAS, TX 75266-0575

J. CRAIG AND MARILYN JAMES

STATEMENT 1
FORM 1040
WAGE SCHEDULE

TAXPAYER - EMPLOYER	WAGES	FEDERAL W/H	FICA	MEDI- CARE	STATE W/H	LOCAL W/H
AMER BROAD PROD SVCS INC	283,835.	63,714.	5,840.	4,116.	19,928.	
TOTAL	283,835.	63,714.	5,840.	4,116.	19,928.	0.
SPOUSE - EMPLOYER	WAGES	FEDERAL W/H	FICA	MEDI- CARE	STATE W/H	LOCAL W/H
CELINA ISD	480.		30.	7.		
TOTAL	480.		30.	7.		0.
GRAND TOTAL	284,315.	63,714.	5,870.	4,123.	19,928.	0.

STATEMENT 2
FORM 1040, LINE 8B
TAX-EXEMPT INTEREST

PAYER	IN-STATE MUNICIPAL BONDS	PRIVATE ACTIVITY BONDS	TOTAL
NATIONAL FINANCIAL SERVICES.....		14.	22.
TOTAL	0.	14.	22.

STATEMENT 3
FORM 1040, PAGE 2
PENALTIES

TAX DUE BEFORE PENALTIES.....	\$	38,815.
INTEREST.....		1,394.
GRAND TOTAL TAX DUE	\$	40,209.

STATEMENT 4
SCHEDULE A, LINE 6
REAL ESTATE TAXES

CELINA ISD.....	\$	12,459.
COLLIN COUNTY.....		2,419.
TOTAL	\$	14,878.

J. CRAIG AND MARILYN JAMES

STATEMENT 5
SCHEDULE A, LINE 10
HOME MORTGAGE INTEREST REPORTED ON FORM 1098

AMOUNT IN EXCESS OF \$1 MILLION	\$	-9,242.
CHASE HOME FINANCE LLC		13,203.
CHASE HOME FINANCE LLC		52,576.
TOTAL	\$	<u>56,537.</u>

STATEMENT 6
SCHEDULE A, LINE 13
INVESTMENT INTEREST

INVESTMENT INTEREST CARRYOVER	\$	272,693.
INVESTMENT INTEREST FROM K-1		331,718.
TOTAL	\$	<u>604,411.</u>

STATEMENT 7
SCHEDULE A, LINE 15
CONTRIBUTIONS BY CASH OR CHECK

CHARITABLE CONTRIBUTIONS FROM K-1	\$	5,000.
POWER POINT MINISTRIES		25,000.
PRESTONWOOD BAPTIST CHURCH		5,000.
TOTAL	\$	<u>35,000.</u>

J. CRAIG AND MARILYN JAMES

STATEMENT 8
 SCHEDULE E, PAGE 2
 PART II - INCOME OR LOSS FROM PARTNERSHIPS AND S CORPORATIONS

NAME	TYPE	X IF FOREIGN	EMPLOYER I.D. NO.	ANY INVEST. NO AT RISK	PTP	PASSIVE LOSS FROM FORM 8382	PASSIVE INC. FROM SCH. K-1	NONPASSIVE LOSS FROM SCH. K-1	SECTION 179 DEDUCTION	NONPASSIVE INCOME FROM K-1
OALTON BEND RANCH LTO	P						\$ 45,351.			
PYA: PASSIVE CARRYOVER	P					\$ 665.				
EMERGING LAHO MARKETS, LP	P									\$ 278,248.
EMERGING LAHO MARKETS GP, LLC	P									2,810.
MARILYN ENTERPRISES, INC.	S									
TOTAL						\$ 665.	\$ 45,351.	\$ 0.	\$ 0.	\$ 281,058.